

NATIONAL FOREIGN INTELLIGENCE BOARD

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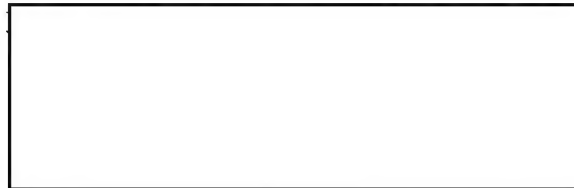
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21 January 1977

MEMORANDUM FOR NFIB PRINCIPALS

STAT FROM : USN
Vice Chairman, NFIB

SUBJECT : Acting Director of Central Intelligence
and Chairman, National Foreign
Intelligence Board

Effective this date, Mr. E. H. Knoche will serve as Acting DCI and Chairman, NFIB, until such time as a new DCI is nominated by the President and confirmed by the Senate.



cc:
Deputy Secretary of Defense

Deputy Assistant to the
President for National
Security Affairs

Succession
DCI lot

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ORGANIZATION AND CONTROL OF THE INTELLIGENCE COMMUNITY

Prompted by public disclosures of CIA abuses, the Executive and Congress over the past year have completed major studies of the intelligence community, its organization and control. Most agree that the 1947 National Security Act establishing the CIA is no longer an adequate framework for the conduct of American intelligence activities. While providing an open ended statement of Presidential and NSC authority, the Act did not explicitly authorize clandestine operations or establish clearly the responsibilities of the various components of the intelligence community.

In February 1976, President Ford issued an Executive Order reorganizing the intelligence community; in May, the Senate Select Committee on Intelligence completed their recommendations. At present, the effect of many of President Ford's changes is still unclear. The new Senate Oversight Committee has yet to begin drafting new legislative charters for the various parts of the intelligence community.

In such circumstances, a new President has an extraordinary opportunity to pull things together and affect the course of Congressional action.

There are essentially five major issues involved:

1. Organizing the efficient and focused production of intelligence.
2. Clandestine operations.
3. Military intelligence activities.
4. Congressional oversight.
5. Coordination of foreign and domestic intelligence activities.

I. Issue: Production of Intelligence

A. The Role of the DCI

Background

The primary purpose of the U. S. Intelligence community is to produce objective intelligence for the President and members of the National Security Council. The Director of Central Intelligence (DCI), as the president's principal foreign intelligence adviser, has the responsibility under the 1947 National Security Act to coordinate the activities of the various intelligence departments and agencies.*

*The DCI wears two hats. He is both the Director of the Central Intelligence Agency and Director of Central Intelligence with overall community responsibilities.

This task of the DCI is a most difficult one. His coordinating responsibility is often at variance with the particular interests and prerogatives of the other intelligence departments and agencies. He must provide objective intelligence for cabinet officers with vested interests in seeing information which supports a particular foreign policy (State Department) or the acquisition of a new weapons system (Department of Defense). He must try to rationalize intelligence activities without having the authority to manage all intelligence collection programs, to establish all requirements for the collection and production of intelligence, or to direct the allocation of all intelligence resources. He has independent management and budgetary authority over only his own agency, the CIA.

Consequently, the DCI has in the past had difficulty insuring that the intelligence product was independent of departmental biases and that waste and duplication were avoided. What success the DCI has had depended in large part on the personal relationship between the DCI and the President. To meet his community wide responsibilities as well as to serve as the President's intelligence adviser, the DCI must have direct access to the President.

In February 1976, President Ford announced (through Executive Order 11905) a reorganization of the intelligence community "to improve the quality of intelligence" and "to clarify the authority and responsibilities of the intelligence departments and agencies." The major change introduced was the formation of the Committee on Foreign Intelligence (CFI) chaired by the DCI and reporting directly to the NSC. The CFI was given responsibility to "control budget preparation and resource allocation for a National Foreign Intelligence Program and to establish policy priorities for the collection and production of national intelligence."

The CFI includes the Deputy Secretary of Defense for Intelligence and the Deputy Assistant to the President for National Security Affairs. It does not include a State Department representative; it presumably should.

It is still too soon to pass final judgment as to whether the Executive Order will in fact enhance the ability of the DCI to coordinate the activities of the intelligence community. While giving the DCI an expanded set of responsibilities in the intelligence budget process, the Executive Order does not address the issue of the parallel authority of the Secretary of Defense. Nevertheless, since February, the CFI has worked to enlarge the role of the NSC and the DCI in the definition of the overall intelligence budget. In July, as part of the Internal Defense Department budget cycle, the CFI provided formal budgetary guidance on intelligence issues. In September, the CFI was to join with the Secretary of Defense in the annual OMB review of the intelligence budget. These actions, while admittedly first steps, are critical if the DCI is to succeed in the task of allocating intelligence resources rationally and efficiently.

If it is decided that the role of the DCI should be strengthened to provide him with the power to control as well as coordinate, possible actions could include giving the DCI specific responsibility by statute for a) establishing national intelligence requirements, b) preparing the national intelligence budget, and c) providing guidance for U. S. national intelligence program operations. This would give him the authority to issue fiscal guidance for the allocation of all national intelligence resources and choose among the programs of the different collection and production agencies and departments to insure against waste and unnecessary duplication.

A further question is whether the DCI should continue to be the "line" head of CIA as well as perform his general functions. Executive Order 11905 instructed the DCI to "delegate the daily operation of the CIA" to his deputy, but allowed him to continue wearing his two hats.

Options

- 1) Go back to the old system where the DCI personally ran the CIA and was expected also to control the community.
- 2) Continue as under EO 11905.
- 3) As soon as possible, clearly separate DCI from direct supervision of the Agency and appoint a separate Administrator thereof, perhaps making the DCI a "Director General of Intelligence" responsible to the President for all intelligence matters and their legality, with a number of inspectors to assist him in this function.

Discussion

The system under EO 11905 has not yet been given time to work; options (1) or (3) might therefore seem premature.

An objection to option (1) would be that it would again divert the DCI's energies from his essential task of serving the President as the coordinator of all-intelligence activities. An objection to option (3) is that losing his (or her) line responsibility would weaken DCI authority over a key agency.

On the other hand, many experts support the third option because, as stated by James Schlesinger (pp. 94-5 Senate Select Comm. Report),

"(The DCI) is supposed to be the fair judge amongst the elements of the intelligence community at the same time that the CIA personnel expect him to be a special advocate for the CIA. You cannot have both roles."

In addition, two quite different sets of talents are required to fill the two roles.

Option three would have several immediate implications:

-- Legislation establishing the enhanced power of DCI (under this or any name) would be needed.

-- Thought should be given to appointing, in the interim period, a White House assistant who would give his full time to intelligence matters. The Assistant for National Security Affairs does not have sufficient time to represent the President and keep him fully informed.

-- One expert argues that it would be wise to retain the current DCI and appoint his successor only when a new structure is conceived and perhaps erected, for the sake of both continuity and CIA morale. Others strongly disagree on the ground that the DCI must, from the start, clearly be a close lieutenant of the President.

B. Other Intelligence Organizational Issues

A number of other issues should be studied at an early date, although space does not allow their adequate consideration here.

-- Reorganizing Presidential Advisory Mechanisms:

The President's Foreign Intelligence Advisory Board (PFIAB) was created by Pres. Eisenhower to blunt Sen. Mansfield's continuous push for the establishment of a Congressional "CIA Watch-dog Committee." President Kennedy unwisely (as he later admitted) let it die in 1961 and only reconstituted it after the debacle of the Bay of Pigs. Presidents Nixon and Ford have continued it but failed to appoint members with a range of opinions.

The Presidential Oversight Board (POB) was created in February 1976 by President Ford (EO 11905) as a super-layer of three people to monitor particularly the legality of intelligence operations.

A new President can accept, if he chooses, the resignations of any members both.

One expert suggests accepting the resignations of all members of the POB but retaining perhaps one-quarter of the PFIAB, retaining a carefully selected minority of the present members to ensure continuity and knowledgeability.

He further suggests appointing new members of the PFIAB, including a new chairman, with the clear indication that their tenure could be less than a year and that their foremost duty will be to help draft and secure passage of basic revised legislation, while at the same time keeping alive the monitoring function.

One could consider then substituting for the PFIAB a 10-member Intelligence Advisory Commission with 5-year staggered terms (no more than one reappointment) and Senatorial confirmation of nominees. The commission could meet regularly 8 - 10 times per year and specially as required. The primary purpose of the Commission would be to help the President exercise effective and informed control over the community and to act as a buffer and ready-to-hand board of inquiry in times of untoward events. It would be served by a small staff and be responsive to any Presidential suggestions and, without blurring the separation of powers, to requests of the Congressional Committees.

Its membership should include people of diverse experience in international and scientific developments. By limiting turnover, he argues, stability and continuity would be assured.

-- Control of Tactical Reconnaissance:

STAP The Senate Select Committee report states that half of the aggregate costs of intelligence (or [redacted]) is for tactical intelligence and support. A detailed breakdown is required before assessing how much of this is excessive. Obviously, reconnaissance vessels and plans and platoons, etc., in ground combat units are essential and must be combat ready.

But the post-war era has been replete with evidence of over-exercising these resources in dangerously close proximity to hostile frontiers. Granting the need for Theatre, Field and Fleet Commanders for authority to prevent being caught by surprise attack, the level of, and proximity of, close surveillance activities needs careful study, central control and Presidential monitoring.

Tactical intelligence is specifically excluded from EO 11509. If reform is desired, it would be revised accordingly.

There could be savings of, quite possibly, several hundred million dollars.

-- Reestablishment of a Senior Board of Estimates:

The Board of National Estimates, established in 1950/51 after the North rean attack caught the U. S. by surprise, was replaced in 1973 by individual National Estimates officers with exclusive responsibility for preparing estimates in specified geographical areas. Though DIA and State officers collaborate, all are area specialists and closely involved with their opposite numbers in departmental policy desks.

Experts who believe that the Board should be reestablished argue that regionalitis plus an instinctive reluctance to predict events that would be embarrassing to policy makers result from the current system.

The Board could be charged especially with analysis of comparative Soviet and U. S. capabilities and intentions, a task the intelligence community has found especially difficult.

Such a Board might function best directly in support of the DCI. Its cost (assuming 8-10 members and a small staff), might be some \$750,000 per annum, minus the cost of the current individual officer system.

-- Early Warning Mechanism:

The "indications Center," "Watch Committee" machinery of the '50s and '60s, based on community-wide collaboration, has been largely dismantled. The tasks of giving the earliest possible warning of hostile action against the U. S., its allies or key "third world" countries, such as Yugoslavia, is now relegated to CIA headquarters with some participation by the military. Previously, the Center was immediately adjacent to the JCS operations center. Some argue that only there could the critical interplay of friendly and hostile forces be seen in the proper context. The present system failed in its last major test, the Yom Kippur War.

An early detailed study of this mechanism could be directed.

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